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# Industrial Horizons



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## MSU Study Shows Montana Products Moving West

Further evidence of growing marketing opportunities in Western States for Montana industries is disclosed in first reports of a study of Montana's balance of trade being conducted by the Bureau of Business and Economic Research at Montana State University.

The findings from an analysis of Interstate Commerce Commission waybill statistics are reported by Dr. William S. Peters, Associate Professor of Business Administration, in the August, 1957, issue of "Montana Business".

### Cattle, Lumber, Wheat

In a breakdown of out-of-state tonages for three of Montana's major products (cattle and calves, lumber, and wheat) using the comparative periods of 1939, 1948, and 1953-55, some differences in Montana's market orientation between pre-war and post-war patterns are found to exist. Dr. Peters points out that: "Differences between pre-war and post-war patterns are clearest in cattle and calves with the Far West increasing in importance to Montana shippers at the expense of the historically traditional markets to the east. In lumber the already predominant shipments to the West North Central States have increased seemingly at the expense of Northeastern destinations. In wheat the gain in stature of West Coast markets in the decade of the '40's is again evident, though there is some question whether the shift has persisted unabated into the 1950's."

In his final comments, Peters makes the over-all generalization, "that for a number of vital export markets Montana now looks both east and west, and that among the northern tier of Mountain States this position is in many respects unique."

### Implications of Market Shifts

While the portion of Dr. Peter's study that pertains to changes in Montana's market orientation for major products is described as only a partial answer, it is most encouraging for the future. The trend noted means not only that markets may be moving closer to Montana's traditional products, but that there are also growing opportunities for adding value by manufacturing and otherwise upgrading our products of agriculture, mining, and forests. The promise of future development and diversification depends on the extent to which population growth continues in the western portion of the United States. Much also depends on what we do within the state in the way of directing research and promotional activities to development potentials.

## Will Montana Grow With West?

One measure of a state's economic and social development is its rate of population growth. We in Montana have a basis for pride on this score because since World War II we have experienced population increases at a faster rate than any time since the early part of the century.

In fact, according to estimates of the State Board of Health from school census reports, Montana's population increased 12 per cent from 1950 to the end of 1955. This compares with an estimated 9 per cent gain during the same period for the nation as a whole.

Presumably all Montanans would like to see our state continue this growth. What are the prospects?

There is no sure answer, but some comparative projections can be made.

The accompanying table shows three projections. The first two were made recently by the U. S. Census Bureau, and reflect different combinations of assumptions regarding future birth, death, and migration rates. The third projection, prepared by the State Planning Board, assumes only that the growth rate in absolute numbers since 1950, as estimated by the Board of Health, will continue.

### Varied Projections

While the third projection is substantially higher than either of the two Bureau of Census projections shown, it is realistic to consider it within the realm of possibility.

The most obvious reason is that confidence is being expressed in the accuracy of the State Board of Health estimate for 1955, which is 31,000 above the U. S. Census estimate for that year. Thus, both the beginning 1955 base and the projected growth trend of the preceding five-year period are greater.

Related is the fact that the Bureau of Census did not and could not take into account the possibility of future developments in making projections for each state. Thus, new developments could lessen or reverse the net outmigration experiences of the past.

### Will Montana Grow With the Region?

Finally, Montana could approximate the population projections in the Mountain and Pacific States more closely than is anticipated. The Bureau of Census in its series comparable to projection 1 arrived at an approximate 69 per cent increase for the Mountain States and 80 per cent for the Pacific States in the period from 1950 to 1970. The equivalent for the nation in the same period is 38 per cent. Under the series comparable to projection 2 the increases are 52 per cent for the Mountain States, 68 per cent for the Pacific States, and 30 per cent for the nation. The approximate 46 per cent increase of projection 3 for Montana is therefore not an impossibility when compared with region projections.

However we speculate on the future, it is certain that the nation's population will continue to increase rapidly. Further, it seems certain that the Mountain and Pacific States which are near Montana will experience population growth at a substantially greater rate than the nation as a whole.

How Montana fares in this larger picture thus depends upon our success in holding residents and our ability to attract newcomers to the state.

COMPARATIVE PROJECTIONS OF MONTANA POPULATION: 1950 to 1970  
(in thousands)

	April 1, 1950 Census	July 1, 1955 (Current Estimates)	1960	1965	1970	Total Increase Percent 1950-70
Projection 1*	591	629	671	711	755	27.7
Projection 2*	591	629	661	688	715	21.0
Projection 3†	591	660	729	798	867	46.6

\*Projections 1 and 3 are Series 1 and 4, respectively, from **Current Population Reports, Population Estimates**, U. S. Department of Commerce, Bureau of Census, Series P-25, No. 160, August 9, 1957.

†Projection based on estimate of State Board of Health from school census reports from 1950 to 1955. Growth of absolute amount of 13,800 per year (average annual increase, 1950-1955) projected through 1970.

## Why Bozeman Plans

Bozeman's city planning program is progressing well, according to M. E. Henderson, City Manager.

Bozeman is the first city in Montana to take advantage of the Urban Planning Assistance Program by which U. S. Housing and Home Finance Agency pays up to half the costs of a planning project.

The City of Bozeman is contributing \$4,350 in cash to the project fund, and \$3,000 in the form of services by city employees, such as the city engineer and the assistant city manager. HHFA matches this amount with \$7,350. S. R. DeBoer and Company, professional city planners from Denver, have begun work on the project. An employee of DeBoer's, Charles Cherches, is stationed full time in Bozeman to gather data.

Out of the total amount of \$14,700, Bozeman will get a complete development plan charting the city's future growth, including a year of implementation services by DeBoer to assure that the plan is accepted and understood by Bozeman's citizens.

### Suburban Growth Haphazard

Henderson is quite definite about why Bozeman is planning. "The areas just outside the city limits were developing in such a chaotic manner that our future orderly growth would be impeded," he says. "We have had an excellent zoning ordinance in effect within the city for several years. However, on the outskirts, low-value types of buildings were being strung out along the highway, rather than concentrated in shopping centers. Property values of potentially valuable commercial and residential land were being lowered for all time. In several cases, the new businesses were marginal businesses that were looking for cheap land."

In addition, new suburban housing developments were not being built with adequate setbacks, street grades, and sanitation standards. Since these areas eventually would be taken into the city, city officials had an interest in what was being done there.

### Planning Commission Formed

A Municipal Plan Board of interested citizens was organized to cope with these problems. The Board did an excellent job in working with subdividers to make good subdivision layouts, and in suggesting the best locations for shopping centers, schools, etc., in the newer areas of city growth. But a point was reached where expert advice was needed.

### Master Plan Found Necessary

The Board found that in order to anticipate future growth, and thus keep Bozeman the town everybody wanted it to be, a complete master plan of the city's future growth would have to be formulated.

In order to say how large a new water system should be, for instance, the city government would have to have some estimate of how many people could be expected to move into a new area in the next decade or so—information that could come only from a survey of the economic future of Bozeman. Especially important was a study of the future im-



(Northern Pacific Railway Photo)

One of the largest livestock feeding operations in Montana is in Sidney. Over 80 per cent of all sheep fed for slaughter in Montana are fed in the Sidney area, which is the hub of a rich irrigated agricultural area. The Holly Sugar Company refinery annually produces about 13,000 tons of dried beet pulp and 9,300 tons of beet molasses. These by-products form the basis of the commercial feedlot there. Other feed available include alfalfa hay, beet tops, corn, and grains such as barley and oats from surrounding areas.

Sidney is also the state's second largest livestock market, according to Dan Price, Manager of the Sidney Chamber of Commerce. Last year 571 carloads of sheep were forwarded from the Lower Yellowstone Project, and 1,229 carloads of cattle.

The community of Sidney realizes the importance of agriculture to its prosperity. A prime example, according to Manager Price, was the way Sidney businessmen furnished support, both monetary and otherwise, to secure a branch State Agricultural Experiment Station for Sidney in 1948. This laboratory conducts research on problems of eastern Montana agriculture.

At the present time, Sidney is supporting the establishment of an experimental livestock fattening program, which may lead to an expansion of current feedlot operations.

Sidney is wise in concentrating its economic development efforts on agriculture.

pact of Montana State College on Bozeman's economy. As the college continues to grow, more city services will be needed.

Another factor in the need for expert help, according to Henderson, is that a town's citizens won't always listen to their fellow citizens on the planning commission tell them what to do about the city's future. Outside, professional advice would be generally accepted.

### Consultant Hired, Grant Approved

So Mr. Henderson, the Plan Board, and the City Commission investigated several planning consultants and DeBoer's services were tentatively arranged. An application was filed through the State Planning Board for an HHFA grant. This grant was approved by HHFA last summer, and DeBoer started work immediately. Already completed are a study of the effect of the new Inter-

state Highway on Bozeman's growth and a map of the trade areas of Bozeman.

Bozeman's planning program is a relatively inexpensive one because both city officials and the Plan Board had done excellent groundwork. Prospective layouts of new suburbs had already been prepared when DeBoer started to work.

### Joint Board Formed

Bozeman and Gallatin County recently organized a joint City-County Planning Board under the provisions of planning legislation passed by the legislature last March. This will allow more efficient planning in suburban areas.

Bozeman has an especially forward-looking and aggressive city government. But there is no reason all Montana cities can't deal with their problems in the same way.

Certainly Bozeman will reap the benefits in the future.



## RESEARCH HELPS FOR SMALL BUSINESS

America is a country of small businesses—83 per cent of all manufacturing establishments employed less than 50 people in 1954 and 99 per cent of all trade and service establishments had less than 50 employees.

This is especially true in Montana: we have only 38 manufacturers that employ more than 100 people.

Even though small business is an important part of our economy, there are many factors working to decrease the number of small businesses—higher costs, automation, taxes, product diversification, labor costs.

One of the most important of these factors was discussed at the President's Conference on Technical and Distributive Research for the Benefit of Small Business held in Washington, D. C., September 23-25, 1957. This factor is that **research and development activities are the key to economic growth in this country.** Research into new products and into sales potentials, for instance.

Research, though, costs money. Many small businesses feel they cannot afford research. Big business, on the other hand, realizes the importance of research, and in almost every case reaps the benefits in increased sales.

The President's Conference was held to suggest ways of telling small business how to take advantage of research.

Many relatively inexpensive research helps are available to small business, according to the Conference:

- **Trade associations.** Often, small businessmen can together hire necessary research done by a professional staff. Many times, too, small manufacturers are already members of associations that can do research on specific problems.

- **Business press.** Magazines and journals are among the best ways to keep up with what's going on in a business.

- **Educational institutions.** Nearly every college has faculty personnel available for consultation, at a very nominal cost, on specific research projects. In this state, Montana State College channels contract research through the Research and Endowment Foundation, and Montana State University through the Bureau of Business and Economic Research. Besides private consulting work, colleges publish many research aids (such as "Montana Business") and conduct extension activities in many communities of the state.

- **Professional consultants.** Private research institutes do contract research, and much of their work is for small business. For instance, Stanford Research Institute recently conducted a survey of consumer preferences in house trailers for an association of trailer coach manufacturers.

- **Governmental units.** The amount of published material put out by agencies of federal and state government is phenomenal. U. S. Department of Commerce and Small Business Administration usually have access to most of them. For instance, the data gathered by the U. S.

## Brickman Expands Plant; Says Montana To Grow

The State Planning Board always likes to hear about expansions based upon faith in the future of the state.

Take Archie Bray, Jr., of the Western Clay Manufacturing Company in Helena. Bray says he is convinced Montana is going to grow tremendously in the years ahead. And that's why he recently upped the capacity of his brick plant to 50,000 building bricks a day—enough to build five houses every day.

This is a significant fact. Production of building brick is a "service" industry, in the sense that bricks are used in new buildings. New buildings come only with economic development. Thus, when he decides to build a bigger brick factory, Bray is affirming a faith that basic industry is going to grow in the future so that more buildings will be built.

Bricks, being a relatively low value, bulky product, are not shipped great distances due to high transportation charges. Because of this, they are made almost everywhere. Montana has three brick plants—in Billings, Lewistown, and Helena. Other plants in the area are in Spokane and Salt Lake City. The principal market for brick made in Helena is therefore western Montana, Idaho, and Wyoming.

### New Kiln

Western Clay was started about 70 years ago in Helena with five small "beehive" kilns. This year, a modern 240-foot long kiln was installed in a new 272' by 105' metal building. All machinery is modern—the bricks are handled only once by hand. Every other operation is automated. Clay comes from a deposit near Helena, and the plant employs about 25 men year-around.

Bray is a real booster for the state. He emphasizes: "Never sell your state short. Montana has everything. It will be extremely important industrially in the future."

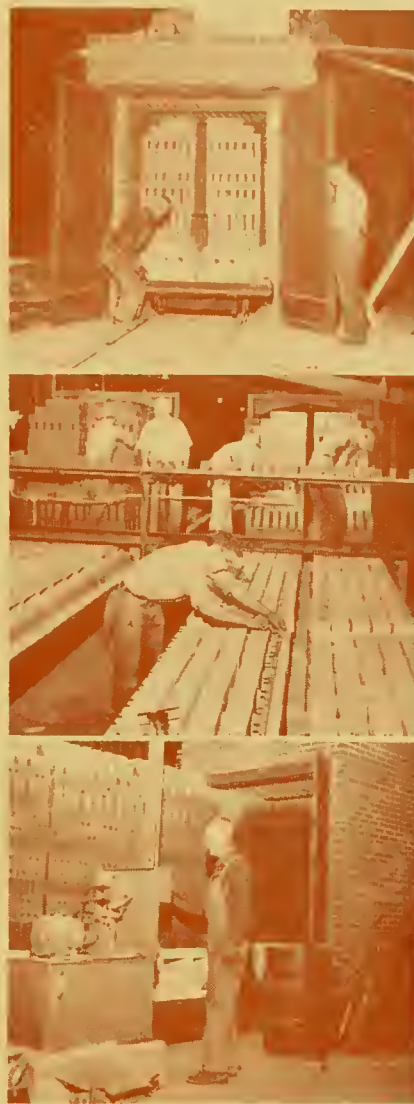
We agree, Mr. Bray.

Census Bureau can be utilized. A manufacturer wanting to know the potential market for a new product could get much of what he wanted from "Census of Manufactures," and from population data in the communities he wanted to serve. In addition, the Census Bureau will run special tests to gather information from their data.

State agencies, too, can help small business. The Employment Service is an example—fitting the right personnel into the production line. The State Planning Board can also help small businessmen with specific problems in some cases.

- **Big business.** With their own research activities, larger firms are often able to help the smaller firms from which they buy and sell. At the Conference, the example of Sears, Roebuck with its candy research lab was cited. Over 300 small candy manufacturers around the country that supply Sears with candy and that could not afford extensive research activities on their own are thus given the benefit of high standards.

By taking advantage of help that is available, small business can often solve many technical problems—and at a reasonable cost.



An interesting program was presented at the annual Montana Chamber of Commerce convention in Helena last October 26. Keynote speaker was Franklin L. Parsons, Research Director of the Federal Reserve Bank of Minneapolis, who discussed "tight money". Main speaker was Dean H. Eastman, Vice President of the Northern Pacific Railway from Seattle, who talked on Montana's role in the Northwest's economy.

Plans for a plywood factory in Whitefish have been announced by H. E. Van Allen, President of Whitefish Lumber Company. A local group, Whitefish Development Corporation, has been formed to construct a building to house the factory at a cost of \$250,000. This will be Montana's second plywood plant—the first is Polson Plywood (see Feb., 1957, Industrial Horizons).

## INDUSTRIAL SURVEY MORE THAN PROMOTIONAL TOOL

Recognized almost universally as the first step in any community development program is the conduct of an economic survey. Usually this first step is taken by a local development group with the purpose of compiling a factual brochure containing information on the advantages of industrial location. To be sure, a fact file is an important promotional tool, but if the only objective has been to develop an advertising brochure to give to prospective industries, an economic survey will be of less benefit than is possible.

### Interpretation Desired

An effective survey should involve a detailed interpretation and analysis of the economic and social forces which underlie the community. If this type of evaluation is conducted, the factors which account for past development, and the newest, most dynamic factors currently affecting the economy can provide a basis for defining the most profitable as well as the most unprofitable areas. Thus a survey conducted for industrial development purposes can be more than just a fact file. It can give effective direction to ALL economic development efforts.

### Use by Local Groups

When a thorough survey is completed there is a concise and accurate picture of the community which should be of inestimable value for the use of local citizens. Weaknesses and problem areas, including social and physical conditions which may be barriers to the development of existing potentials, are disclosed.

### Benefits of Self-Evaluation

This all points to the need for self-evaluation as a part of the process of economic development. With this approach benefits can be greater. A factual file of a general nature about industrial location can be developed. In addition, reports on specific potentials can be prepared. And, finally, public support for all types of community development effort can be generated.

## ECONOMIC SURVEY FORMS AVAILABLE

Copies of two publications helpful to communities starting an industrial development program are available from the State Planning Board in Helena.

First is "Work Sheets for a Community Industrial Survey". This is a questionnaire to be filled out by local citizens. Important factors in making a town at-

## BRIEFS . . .

Communities on the new Federal Interstate Highway system should investigate the possibilities for good city planning that will come with the program. For instance, better terms on Federal Housing Administration loans can be gained for residences relocated from highway rights-of-way, provided the community has a "workable program"—a master plan for the city's growth. The reason for this provision is that the government wants to aid solution of urban growth problems by making sure that houses are not moved into sub-standard areas. The Federal highway system in Montana will be U. S. 10 (including 10S through Butte and 10A through Philipsburg); U. S. 91 north and south; and U. S. 87 from Billings south.

Montana Rural Electric Cooperatives (REA's) estimate they will borrow \$4.5 million in fiscal 1958 for system improvements, according to their state association. Over 40,000 consumers were being served from 27,000 miles of line on January 1, 1957. Among these are several small manufacturing operations—including the First Americans' tie-rack plant at Lane Deer, which hires only Indians from the Northern Cheyenne reservation.

According to the U. S. Chamber of Commerce, 15 state-wide private development credit corporations have been authorized by law. These include 7 now engaged in lending operations: Connecticut, Massachusetts, New Hampshire, New York, North Carolina, Rhode Island, and Maine. Eight others have been established, but have not as yet begun making loans: Arkansas, Georgia, Michigan, Minnesota, Mississippi, South Dakota, Vermont, and Wisconsin. These corporations are private pools of investment capital which operate as specially-authorized agencies for helping new business.

Attractive to industrial growth are considered. Completion of this form is a good start on an economic survey.

The second publication available from the State Planning Board is "Guide Book for Community Industrial Development," which lists the steps in setting up an industrial development program. Sample problems are: "Why Industry?", "Whose Job Is It?", "How to Get Started", "Fnding the Prospect", "Selling the Prospect", "Holding Industry."

## Interesting Publications . . .

Walter L. Hodde, **Manufacturers' and Topmakers' Views on Some Wool Marketing Problems.** (Washington: Farmer Cooperative Service, U. S. Department of Agriculture, General Report 34; 28 pp.). Study made to discover how domestic wool can better compete with foreign wool. Made by asking the people that buy and use our wool what can be done. Suggestions include removing tags from wool, eliminating black fiber contamination, and gate grading of sheep according to types of fleeces. Discusses relative merits of scoured and greased wool shipments.

Leonard D. Jarrard, **Some Occurrences of Uranium and Thorium in Montana.** (Butte: Montana Bureau of Mines and Geology, Montana School of Mines; Miscellaneous Contribution No. 15; 90 pp., \$1.) Helpful guide to all prospective uranium prospectors. Not only discusses uranium deposits in Montana, but also their geology and methods of prospecting. Written for the layman. Includes maps.

Uuno M. Sahinen, **Mines and Mineral Deposits, Missoula and Ravalli Counties, Montana.** (Butte: Montana Bureau of Mines and Geology, Montana School of Mines; Bulletin No. 8; 63 pp., \$1.) Describes all known mining properties in these two Western counties, and discusses their history and production.

A new trend in construction is toward precast concrete slabs, girders, and joists for use in building sections. Several variations are being employed. In pretensioning, steel strands are stretched between heavy anchorages, and concrete is poured around them. After the concrete hardens, the tension is released gradually, and the force is transferred to the structural member by means of bond between concrete and steel. After the concrete hardens, the steel is stretched to the proper tensile force, after which the steel is fastened to anchorages at each end.

Precast concrete is stronger than normal concrete and makes possible the casting of long beams on a production-line basis.

At least six Montana concrete plants are now employing this new technique, or are planning to do so. A use for which precast concrete is especially suited is highway bridges, which can be prebuilt at the factory and moved in a few sections to the bridge site.

## MONTANA STATE PLANNING BOARD

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